

Realty Trust Review

November 7, 1980

VOL. XI, No. 21

SPECIAL SITUATION AND SELECTION ISSUE

Investment outlook: Reagan victory buoys Street, punctured by rate surge.....1		
Market analysis: Block holdings in realty stocks have \$500 million value.....2		
Table: Major block holdings in realty trusts and corporations.....3-6		
Block buyers I-----Major holders of shares of two or more trusts & corps.....6		
American Financial...6	Eastover Corp.....7	Morgens/Waterfall.....7
Peter Cundill & Assc.6	Clyde W. Engle.....7	SZRL Investments.....7
Deltec Panamerica...6	Graphics Club.....7	Unicorp Fincl.....7
DeRance Inc.....6	Loyal Amer. Life.....7	Morse Van Horn.....7
Drexel Burnham.....6		
Block buyers II----REITs which own shares in other realty trusts or corps.....7		
Eastover Corp.....7	GREIT Realty.....7	Gould Investors.....7
Citizens Growth.....7	Lincoln Mortgage.....7	Wisconsin REIT.....7
First Carolina.....7	Moraga Corp.....7	
Block buyers III---REITs with two or more block positions in their shares.....7		
API Trust.....8	GREIT Realty.....8	Nova REIT.....8
Cameron-Brown.....8	Institutional Inv.....8	Southmark Props.....8
DMG Inc.....8	Henry S. Miller.....8	State Mutual.....8
Franklin Realty.....8	Moraga Corp.....8	TRECO Inc.....8
Great Amer. M&I.....8		

INVESTMENT OUTLOOK: REAGAN VICTORY BUOYS STREET, SWIFTLY PUNCTURED BY RATE SURGE

The shock waves perpetrated by the surprising Ronald Reagan landslide combined with the election of a Republican majority to the U.S. Senate for the first time since 1952 are still reverberating. According to pollsters, support for Democratic candidates crumbled just before the election, based on voter trepidations regarding inflation and the economy, and their perception of being worse off financially than a year ago.

The market responded to the Reagan/-Republican victory with a record 84 million shares traded on the New York Stock

Exchange on Wednesday. The Dow Jones industrial average was up nearly 16 points, on expectations of lower taxes and reduced government spending under a Reagan administration. But the signs of near-term weakness were there also, as the market closed more than 11 points below its high for the day, and the Amex index was flat.

Fears about rising interest rates and the efficacy of Reagan policies in dealing with inflation had surfaced by the end of the day, and trading on Thursday morning began with some profit taking. An increase in the prime rate of 1%, to 15½%, led by Chase Manhattan, precipitated a sharp decline, more than giving up the gains of the day before. Now predictions

WITH OUR SISTER SERVICE

HOUSING AND REALTY INVESTOR's November 14 issue will contain Relative Appeal Rankings for major homebuilders, investment builders, and diversified real estate and mortgage finance companies.

Single copies: \$15 prepaid

KENNETH D. CAMPBELL, PRESIDENT/NANCY G. BOYLAND, SECURITIES/FAYE KREISMAN, STATISTICS/AUDIT INVESTMENT RESEARCH, INC. 230 PARK AVE., N.Y. 10017

REALTY TRUST REVIEW, HOUSING & REALTY INVESTOR, and special industry investment reports are published by Audit Investment Research, Inc., an independent advisor registered with the Securities and Exchange Commission under the Investment Adviser's Act of 1940. Under no circumstances is anything contained herein to be construed as an offer to purchase or a solicitation to sell any security mentioned. Information has been obtained from sources believed to be reliable and reasonable care has been exercised in compilation, but accuracy or completeness cannot be guaranteed. Expressions of opinion are solely the responsibility of the publisher and may be changed at any time without notice. Periodical advisory services are mailed to reach subscribers no later than the Monday following publication date; Audit's officers, employees and printers are not permitted to trade upon any recommendation until the Tuesday following. Investment management clients of Audit may be effecting transactions in securities at any time. Subscriptions may not be assigned without consent and unused portion refunded on request. All stock charts courtesy R. W. Mansfield Co. Copyright © 1980 by Audit Investment Research, Inc., 230 Park Ave., New York, N.Y. 10017. May not be reproduced or photographed in any form without written permission. Additional copies available at group rates.

PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS SUBSCRIPTIONS \$164 ANNUALLY SINGLE COPY \$10 (RELATIVE APPEAL \$20) RECENT BACK ISSUES \$2.00 TO NON-TRIAL SUBSCRIBERS

of a prime rate rising as high as 17% are widespread.

While business executives hailed the Reagan election, any improvements in the business climate will be slow to appear. The Reagan commitment to slow inflation will require pressure on the Fed to keep interest rates high, slowing the recovery of the economy from the recession. The big immediate gainer will be the energy industry, if controls are eliminated early, as expected. Some tax relief and favorable changes in financial reporting methods should be forthcoming, but again, overall changes will probably be slow and not so drastic as hoped. Little of moment can be expected in a single term; the test of the Reagan administration, for good or evil, is whether or not it will be able to forge a new power elite which will last, a la Johnson's Great Society, finally crippled this past week.

We do not see major changes in the outlook for realty trust shares. The market action in the shares in the last two days bears this out; trust shares rose slightly on Wednesday, and have avoided the wilder price swings of other issues in the past two days. Avoid interest rate plays and trusts with high bank debt at this time.

As ever, real estate property values will continue to rise, both on continued inflation and improving business conditions. The biggest gains will occur in speculative situations and in trusts where competing block holders bid up the price (see table, next pages). Foreign money, pension fund money, and savings generated by lower taxes will support prices, as will the lack of new construction and the dearth of space.

A major point of exposure will be energy costs, which will go up almost immediately if controls are removed. At a meeting at the American Stock Exchange in New York this past week, one trust president commented that his trust would be hurt not at all by a four-fold increase in energy prices, as all of its properties had the tenant either paying energy

costs directly or reimbursing the trust. Another trust president agreed, with an important caveat; they were protected on energy costs so long as the tenant continued to be able to absorb them. Once he went bankrupt, the protection was gone.

The danger to equity trusts is from smaller tenants, who may not be able to absorb both higher rents and higher other costs. This can be seen in the slowness of some shopping centers to lease space to smaller retailers, also in resistance to higher rents on lease renewals by smaller office tenants. But mature properties are running little risk, and we recommend no major changes in market positions at this time.

MARKET ANALYSIS: WIDESPREAD BLOCK HOLDINGS IN REALTY STOCKS HAVE \$500 MILLION VALUE

The last time we had a comprehensive listing of block holdings in realty trusts, in our January 11, 1980, issue, total holdings were valued at about \$150 million. In the past ten months, that amount has more than tripled, to over \$500 million (about 15% of the total realty trust market value), reflecting both new purchases and appreciation in stock prices.

The list on pages 3 to 6 details holdings of 5% and over in realty trust stocks; the number of trusts with such holdings has risen to 101. Block holders continue to favor the more speculative issues; 37 of the trusts sell for \$5 or less and 30 from \$5 to \$10, with many more holdings established at those prices but having benefited from share price rises since. More than half (59) are traded OTC, 21 are traded on the NYSE, 16 on the ASE, and 5 on regional exchanges. Thirty-nine pay dividends and 39 remain qualified REITs; this list is not perfectly congruous. One important caveat is that not all insider positions have been included; if the insider has not filed a 13-D report within the last year, he is not included. In this manner, we exclude those trusts which have not experienced active block buying. Thus the Bucksbaums of GGP are here, and the Goulds not.

MAJOR BLOCK HOLDINGS IN REALTY TRUSTS AND CORPORATIONS

TRUST	TH.SH. OUT	BUYERS	DATE*	TH.SH. OWNED	% OF TOTAL	MKT VAL (TH. \$)
AMER CENTURY TR	2,607	AMSTAR EQUITIES	10/8/80	202.6	7.8	1,520
AMER FLETCHER	1,352	SEVILLE CORP	11/3/80	195.3	14.4	709
AMER REALTY Z	2,222	EASTOVER/BAIRD/CITZ GROWTH	8/28/80	175.3	7.9	877
ANRET INC #	509	LEE BALTER/REED RUBIN	8/28/80	115.5	22.7	1,170
API TRUST	1,012	SHELBOURNE ASSOC.	12/17/79	80.0	7.9	320
API TRUST	1,012	FIRST CAROLINA/B. BAIRD	7/28/80	260.9	25.8	1,044
BANKAMER REALTY	3,571	DERANCE INC	4/11/80	178.2	5.0	4,544
BANKAMER REALTY	3,571	SDK INDUSTRIAL PARKS	6/12/80	223.0	6.2	5,687
BAY FINANCIAL Z	3,334	DVM INC	9/12/80	249.4	7.5	2,182
BAYSWATER RLY #	1,043	CARL ICAHN	8/22/80	492.0	47.2	4,920
BRADLEY RET	1,152	BRAMONT CORP. ET AL	3/2/78	159.1	13.8	1,313
BRADLEY RET	1,152	OCTAGON FINANCIAL	11/30/79	73.7	6.4	608
BRADLEY RET	1,152	OJAI RANCH & INVSTMT CO	5/12/80	75.0	6.5	619
BRT REALTY	1,400	GRAPHICS CLUB LTD	9/23/80	81.7	5.8	123
BT MTG INVSTRS	2,116	CHARAN INDUSTRIES	10/21/80	366.3	17.3	824
BUILDERS INV Z	2,844	LINCOLN MTG (SEED)	9/15/80	491.5	17.3	1,352
CAMERON-BROWN	2,016	JERROLD FINE/ROBERT JAFFEE	7/14/80	142.0	7.0	977
CAMERON-BROWN	2,016	MARSHALL COGAN/S. SWID	8/8/80	108.6	5.4	747
CENTRAL MTG Z	775	RALPH STRANGIS/SAUL KAPLAN	6/10/80	217.8	28.1	2,723
CI MORTGAGE	4,812	MORAGA CORP	10/22/80	1,031.8	21.4	7,873
CITINATL DEV	600	WARREN & SUSAN BUFFETT	1/21/80	46.9	7.8	452
CITIZENS GROW #	801	EASTOVER CORP	2/1/80	273.4	34.1	1,640
CLEVETRUST RLY	2,525	TULIP RE/CHAMPION ASSETS	10/7/80	564.8	22.4	6,851
CMT INVSTMT TR	4,180	DELTEC PANAMERICA	9/2/80	506.0	12.1	2,910
COMMONWEALTH RL	1,384	COUNTRY & NEW TOWN PROPS	8/11/80	574.4	41.5	6,893
COMPASS INV #	7,782	JOHN E WERTIN/PACIFIC CO	10/1/80	4,355.7	56.0	7,100
DENVER REIA	1,101	FIRST CITY FINANCIAL CORP	8/14/80	65.9	6.0	2,191
DMG INC	7,326	MEI CORP	3/25/80	558.1	7.6	3,767
DMG INC	7,326	DAVID H. MURDOCK	7/28/80	553.6	7.6	3,737
DOMINION M&R #	3,314	BRENT BAIRD	3/10/80	304.9	9.2	1,031
EASTOVER CORP	1,034	WILLIAM ROSENWALD ET AL	3/28/80	69.1	6.7	1,088
EASTOVER CORP #	1,034	BRENT BAIRD	8/14/80	83.9	8.1	1,321
EASTOVER CORP #	1,034	LELAND SPEED	3/28/80	115.8	11.2	1,824
FGI INVSTRS #	1,927	LEND LEASE(AUS)/US LEND LS	9/18/80	750.0	38.9	4,500
FGI INVSTRS b	2,327	LEND LEASE(AUS)/US LEND LS	9/18/80	400.0	17.2	2,400
FIRST CAROLINA	1,510	HARRIS ASSOCIATES	2/11/80	106.9	7.1	1,003
FIRST CAROLNA Z	1,510	BRENT BAIRD/EASTOVER CORP	3/17/80	292.8	19.4	2,746
FIRST DENVER	1,621	DELTEC PANAMERICA	8/29/80	90.8	5.6	295
FIRST MORTGAGE	9,276	RICHARD W. LARSON	6/19/80	760.0	8.2	1,376
FIRST MORTGAGE	9,276	CHITTENDEN ASSOCIATES	12/27/79	1,530.0	16.5	2,769
FIRST MTG INV b	17,276	AMERICAN FINANCIAL CORP	3/26/80	8,000.0	46.3	14,480
FIRST NEWPORT	2,342	DELTEC PANAMERICA	8/29/80	339.6	14.5	1,403
FIRST UNION b	5,681	UNICORP FINANCIAL	8/14/80	101.0	1.8	2,424
FIRST UNION RE	5,580	UNICORP FINANCIAL	8/14/80	501.9	9.0	12,046
FIRST WISC Z	1,989	SHELDON LUBAR ET AL	2/15/80	192.1	9.7	2,978
FIRST WISCONSIN	1,989	NATHAN J ROKITA	5/12/80	95.5	4.8	1,480
FLATLEY RLY	1,000	DAVID WOLF/ROBERT BLATT	10/14/80	150.7	15.1	1,130
FLATLEY RLY #	1,000	THOMAS FLATLEY	9/5/80	255.0	25.5	1,913
FLATLEY RLY b	1,223	THOMAS FLATLEY	9/5/80	222.8	18.2	1,671
FLATLEY RLY b	1,108	DAVID WOLF/ROBERT BLATT	9/8/80	107.7	9.7	808
FRANKLIN RLY	1,532	F. RLY. SHAREHOLDERS ASSOC	8/15/80	375.3	24.5	9,244

MAJOR BLOCK HOLDINGS IN REALTY TRUSTS AND CORPORATIONS

TRUST	TH.SH. OUT	BUYERS	DATE*	TH.SH. OWNED	% OF TOTAL	MKT VAL (TH. \$)
FRANKLIN RLTY	1,532	GOLDMAN SACHS	8/15/80	75.5	4.9	1,860
FRANKLIN RLTY	1,532	WILLIAM R FORMAN	8/15/80	80.5	5.3	1,983
FRASER MTG Z	1,038	CONN MUTUAL LIFE INS CO	8/25/80	182.1	17.5	1,593
GENERAL RE SH Z	557	OCTAGON FINCL (DON FOOTE)	4/2/79	81.3	14.6	1,057
GENL GROWTH #	6,202	MARTIN BUCKSBAUM ET AL	2/22/80	1,473.3	23.8	34,446
GMR PROPS Z	2,957	DELTEC PANAMERICA	5/19/80	393.5	13.3	1,232
GOULD INVESTORS	1,173	DERANCE INC	6/13/80	74.6	6.4	1,054
GREAT AMER M&I	7,372	E. MORGENS/B. WATERFALL	8/5/80	1,392.7	18.9	11,490
GREAT AMER M&I	7,372	BANKAMERICA FOUNDATION	9/29/80	548.4	7.4	4,524
GREAT AMER M&I	7,372	SZRL INVESTMENTS	10/6/80	1,056.8	14.3	8,719
GREAT AMER M&I	7,372	CONTINENTAL ILL. CORP.	3/31/80	313.0	4.2	2,582
GREIT REALTY	998	TBK PARTNERS/VIRIDIAN INV	11/23/79	53.8	5.4	713
GREIT REALTY	998	DERANCE INC	3/15/80	50.1	5.0	664
GREIT RLTY Z	998	UNICORP FINANCIAL	9/18/80	439.8	44.1	5,827
HAMILTON INV	2,175	JERSEY MORTGAGE CO	9/24/80	223.0	10.3	1,227
HAMILTON INV	2,175	SZRL INVESTMENTS	3/31/80	109.5	5.0	602
HAMILTON INV	2,175	DELTEC PANAMERICA	9/18/80	227.4	10.5	1,251
HANOVER SQ RL #	946	PEARCE MAYER & GREER	7/24/80	300.0	31.7	1,800
HANOVER SQ RLTY	946	MADISON FUND	7/28/80	100.0	10.6	600
HOSPITAL MTG	1,178	TRANSCO REALTY TRUST	8/6/80	339.2	28.8	4,623
HOTEL INVESTORS	1,810	US STEEL&CARNEGIE PENSION	8/8/80	163.4	9.0	4,882
ICM REALTY Z	3,011	EASTOVER CORP/CITZN GROWTH	2/13/80	772.4	25.7	14,197
INDEPENDENCE Z	2,625	GENEVE CORP/E. NETTER	5/29/80	788.4	30.0	3,548
INDIANA FINCL	1,154	TELVEST INC	8/22/80	115.0	10.0	504
INDIANA FINCL	1,154	WISCONSIN REIT	9/29/80	85.0	7.4	372
INDIANA-FLA RLY	510	ROCKWOOD INS CO OF IND.	6/6/80	26.0	5.1	280
INSTITUTIONAL	11,973	BUILTLAND PARTNERS	9/29/80	681.3	5.7	940
INSTITUTIONAL	11,973	ZELL & LURIE (SZRL)	9/3/80	4,751.0	39.7	6,556
INTNATL INCOME	1,865	LEND LEASE CORP (AUS)	3/1/80	1,126.8	60.4	10,986
INTNATL INCOME	1,865	MLC LTD	8/22/80	331.7	17.8	3,234
KENILWORTH #	2,683	DAVID J GREENE ET AL	7/20/79	503.5	18.8	19,888
KENILWORTH RLTY	2,683	AMERICAN FINANCIAL CORP	3/10/80	415.0	15.5	16,393
KENTUCKY PROP Z	1,100	BRENT D. BAIRD ET AL	3/17/80	234.1	21.3	468
LINCOLN MTG	1,155	WHITAKER INVESTMENTS	9/19/80	88.3	7.6	232
LINCOLN MTG #	1,155	MORSE VAN HORN ET AL	7/21/80	417.4	36.1	1,098
M&T MORTGAGE	1,707	DERANCE INC	9/15/80	111.8	6.5	1,481
MARYLAND RLTY	1,786	DREXEL BURNHAM LAMBERT	2/20/80	75.0	4.2	188
MARYLAND RLTY #	1,786	FEDERATED REINSURANCE	6/10/80	1,140.6	63.9	2,852
MIDLAND MTG	2,382	E. PETER HOFFMAN JR.	6/16/80	120.0	5.0	466
MILLER (HEN. S)	560	JAMES JACKSON ET AL	5/6/78	64.0	11.4	1,536
MILLER (HEN. S)	560	PILOT INDUSTRIES	9/10/80	36.6	6.5	878
MILLER (HEN.S)#	560	HSM INC	8/25/80	55.1	9.8	1,322
MISSION INV Z	1,812	INTERMARK	9/29/80	398.4	22.0	2,243
MONETARY RLTY	1,028	V. R. & LOTTIE COLTON	1/16/80	130.4	12.7	228
MONMOUTH RE	187	PHILIP MANDELBAUM ET AL	6/9/80	33.9	18.1	153
MORAGA CORP	1,355	FRANK & JOANNE WARREN	2/29/80	82.4	6.1	794
MORAGA CORP	1,355	APEX OIL	9/16/80	163.2	12.0	1,572
MORAGA CORP	1,355	STARLAW INVESTMENTS LTD	8/12/80	135.0	10.0	1,300
MORAGA CORP	1,355	PETER CUNDILL & ASSOC.	7/28/80	162.5	12.0	1,565
MTG INV WASH Z	2,146	DELTEC PANAMERICA	8/29/80	293.6	13.7	1,066
MTG TRUST AM #	3,993	TRANSAMERICA CORP	10/8/80	529.3	13.3	5,293

MAJOR BLOCK HOLDINGS IN REALTY TRUSTS AND CORPORATIONS

TRUST	TH.SH. OUT	BUYERS	DATE*	TH.SH. OWNED	% OF TOTAL	MKT VAL (TH. \$)
MURRAY MTG	503	GERMAIN H. BALL	3/10/80	25.0	5.0	100
MURRAY MTG	503	JEROME C. EPPLER	6/9/80	64.6	12.8	258
NATIONAL MTG	3,707	BRENT D. BAIRD	5/31/80	311.6	8.4	352
NATIONWIDE RE	1,047	DERANCE INC	11/19/79	55.4	5.3	900
NORTH AMER MTG	6,901	AMERICAN FINANCIAL CORP	3/26/80	2,513.8	36.4	11,312
NOVA REIT	1,208	GRAPHICS CLUB/HERBERT LUST	9/26/80	76.0	6.3	133
NOVA REIT	1,208	ALLEN & CO	7/10/80	125.8	10.4	220
PACIFIC RLTY	840	DOUGLAS M. HALL/IVORY LTD.	8/22/80	45.8	5.5	1,214
PACIFIC SOUTHRN	800	BYRON WEBB	7/29/80	59.5	7.4	461
PARKWAY CO #	1,055	EASTOVER CORP	9/4/79	304.9	28.9	2,439
PENN REIT	1,561	DERANCE INC	3/21/80	123.3	7.9	3,267
PENN REIT #	1,561	SYLVAN COHEN/M. ORLEANS	10/6/80	222.1	14.2	5,886
PLAZA REALTY	1,114	GOULD INVESTORS TRUST	1/31/80	124.7	11.2	156
PLAZA REALTY	1,114	MARTIN B. TEPPER	4/13/79	57.0	5.1	71
PLAZA REALTY	1,114	LOUIS FIELAND	1/29/79	59.5	5.3	74
PROPERTY CAPITL	2,065	TEXTRON INC	9/22/80	252.6	12.2	6,757
PROPERTY TR AM#	2,390	CARDWELL & RUSSELL	7/9/80	407.0	17.0	4,274
REIT OF AMER	1,633	UNICORP FINANCIAL	2/11/80	159.7	9.8	4,751
REPUBLIC MTG	2,107	ROLAND INTERNATIONAL CORP	8/27/80	132.0	6.3	479
RIVIERE REALTY	783	LOYAL AMERICAN/A. WALSH	6/4/80	143.8	18.4	774
RLTY & MTG PAC	2,789	DERANCE INC	3/31/80	96.6	3.5	1,896
SAN FRANCISCO	1,516	GREIT REALTY/UNICORP FINCL	10/30/80	294.9	19.5	9,142
SAN FRANCISCO b	1,855	GREIT REALTY/UNICORP FINCL	10/30/80	339.4	18.3	10,521
SAUL (B.F.) RE	5,893	SAUL CO.	9/19/80	1,374.0	23.3	13,053
SECURITY CAP #	7,417	SMITH BARNEY RE	3/20/80	923.1	12.4	3,692
SOUTHMARK b	6,973	SYNTEK CORP	9/17/80	122.4	1.8	490
SOUTHMARK PROP	6,851	SYNTEK CORP	9/17/80	218.6	3.2	874
SOUTHMARK PROP	6,851	CHARLES J. BLOCK	2/21/80	500.1	7.3	2,000
SOUTHMARK PROP	6,851	LOYAL AMERICAN LIFE INS.	4/10/79	403.0	5.9	1,612
STATE MUTUAL	5,538	PETER CUNDILL & ASSOC.	8/14/80	293.2	5.3	1,686
STATE MUTUAL #	5,538	BELZBERG BROTHERS	6/6/80	2,786.4	50.3	16,022
TERRYDALE RLTY	337	BANK OF BERMUDA	6/9/80	10.3	3.1	247
TIERCO	2,363	ROBERT GELLERT(WINDCREST)	6/2/80	1,160.0	49.1	5,510
TOWERMARC	1,156	E. MORGENS/B. WATERFALL	10/14/80	276.3	23.9	1,451
TRANSCO REALTY#	582	M. WEINER/L. GRAY	5/23/80	239.6	41.2	1,438
TRECO INC	2,451	WESTCHASE REALTY	12/21/79	60.0	2.4	120
TRECO INC	2,451	LOYAL AMERICAN LIFE INS.	6/13/79	133.5	5.4	267
TRECO INC b	2,900	LOYAL AMERICAN LIFE INS.	5/24/79	601.0	20.7	1,202
TRECO INC b	3,368	STANFORD PHELPS	5/19/80	916.7	27.2	1,833
TRECO INC b	3,241	WESTCHASE REALTY	12/21/79	789.5	24.4	1,579
TRI-SOUTH MTG b	3,759	DREXEL BURNHAM LAMBERT	9/21/79	856.0	22.8	2,996
TRITON GROUP b	61,900	AMERICAN FINANCIAL CORP	5/6/80	11,800.0	19.1	9,558
UNITED RLTY Z	3,610	LAWRENCE WEINBERG	12/28/79	593.7	16.4	7,647
UNITED RLTY INV	3,610	DONALD C. CARTER ET AL	10/3/80	203.2	5.6	2,617
US EQUITY & MTG	1,079	AMER- WEST CP/M.W. MYLROIE	1/19/79	231.0	21.4	1,964
US EQUITY & MTG	1,079	MARILYN LOESCH	3/17/79	77.3	7.2	657
US EQUITY & MTG	1,079	STEVEN BABBDIGE/D. BOGGS	5/24/79	91.5	8.5	778
US REALTY INV	3,406	ARTHUR & MICHAEL FEINER	3/31/80	165.0	4.8	2,331
US REALTY INV	3,406	BRADBURY DYER	6/11/80	185.1	5.4	2,615
US REALTY INV	3,406	NORMAN LIZT/PETER KALKUS	7/28/80	206.3	6.1	2,915
US REALTY INV b	3,429	ARTHUR & MICHAEL FEINER	3/31/80	22.5	0.7	318

MAJOR BLOCK HOLDINGS IN REALTY TRUSTS AND CORPORATIONS

TRUST	TH.SH. OUT	BUYERS	DATE*	TH.SH. OWNED	% OF TOTAL	MKT VAL (TH. \$)
VYQUEST TRUST	1,860	M. J. WHITMAN & CO.	10/22/80	101.4	5.5	495
WASHINGTON CORP	1,675	JOHN G. TAYLOR	4/7/80	168.0	10.0	274
WELLS FARGO M&E	3,959	DERANCE INC	7/31/80	251.1	6.3	6,185
WESTERN MTG	1,003	LANDON T. CLAY ET AL	1/25/80	154.3	15.4	676
WESTPORT CO #	2,388	LEONARD DALSEMER ET AL	9/9/80	623.4	26.1	3,977
WESTPORT CO	2,388	DELTEC PANAMERICA	8/29/80	309.2	12.9	1,973
WISCONSIN REIT	1,514	DERANCE INC	7/9/80	99.3	6.6	509
WISCONSIN REIT#	1,514	TELVEST INC	7/7/80	307.3	20.3	1,576

TOTAL MARKET VALUE..... \$508,539

REPRESENTATIVES OF GROUP CONTROL/MANAGE ENTITY.

Z-REPRESENTATIVES HAVE ONE OR MORE BOARD SEATS.

b-SHARES INTO WHICH BONDS, WARRANTS, OPTIONS OR PREFERRED SHARES ARE CONVERTIBLE, AND PERCENTAGE OF SHARES THAT WOULD THEN BE OUTSTANDING.

* DATE OF LATEST PROXY, 13-D OR OTHER REPORT, ADJUSTED FOR KNOWN SALES, BUT SUBSEQUENT SALES MAY NOT HAVE BEEN REVEALED.

Since the list itself is so long as to be unwieldy, we go on to identify both buyers owning more than one trust, and trusts with more than one owner, as follows:

BLOCK BUYERS I--MAJOR HOLDERS OF SHARES OF TWO OR MORE REALTY TRUSTS & CORPS

Some of the earliest block buyers of realty stocks have become powers in the industry, with ownership or control of clusters of trusts and corporations. They have been joined by some recent entrants to the field, rapidly accumulating major positions in more than one trust. We now list these buying groups on page 2 of Relative Appeal issues. A rundown:

American Financial Corp., the Cincinnati financial holding company headed by Carl Lindner, has started using its vast credit resources (mainly through Great American Life Insurance Co.) to extend backup financing to hard-pressed REITs and thus get major stock positions. Look for possible deals involving other ownership positions in earning companies which would utilize taxloss carryforwards of former REITs. Positions currently held in First Mortgage, Kenilworth Realty, North American Mortgage, and Triton Group; American Financial sold its interest in

Compass Investment Group to the John Werten interests.

Peter Cundill & Associates, a Canadian brokerage firm, has been putting its clients into American REITs. Positions are held in Moraga Corp. and State Mutual Investors.

Deltec Panamerica S.A. is a Panamanian holding company principally engaged in the securities and merchant banking business. Deltec monitors its REIT investment closely; it is a longer-term investor rather than a trader. Positions are held in CMT Investment Trust, First of Denver Mortgage, GMR Properties, Hamilton Investment Trust, Mortgage Investors of Washington, First Newport and Westport Co.

DeRance Inc. is a charitable foundation with long-term holdings in Bank-America Realty, Gould Investors, GREIT Realty, M&T Mortgage, Nationwide Real Estate, Pennsylvania REIT, Realty & Mortgage Pacific, Wells Fargo Mortgage, and Wisconsin REIT.

Drexel Burnham Lambert, once a highly visible REIT investor, specialized in junk bonds and speculative issues, with the result that it has now taken advan-

tage of higher market prices and sold most of its positions, with only holdings in Maryland Realty and Tri-South Mortgage remaining.

Eastover Corp. is a former REIT which is now a REIT holding company managed by Leland Speed and Brent Baird, with any combination of the three holding positions in American Realty, Citizens Growth, First Carolina Investors, ICM Realty, Kentucky Properties, National Mortgage Fund, and Parkway Co.

Clyde W. Engle (Telvest Inc.) is a Chicago investor with positions in Indiana Financial and Wisconsin REIT.

Graphics Club Ltd. is a very new entrant to the field, with holdings in BRT Realty and Nova REIT.

Loyal American Life Insurance Co. is controlled by former shipping magnate Malcolm McLean and has been an aggressive investor. Positions are in Riviere Realty, Southmark Properties, and TRECO, Inc.

Edwin Morgens/Bruce Waterfall, of New York, advise several partnerships, mostly with European money. Like Drexel, Morgens/Waterfall used to be a high-visibility presence in the REIT market investing in speculative positions for later resale. Remaining holdings are Great American Management and TowerMarc.

SZRL Investments is a private partnership of Samuel Zell and Robert Lurie of Chicago, with holdings in Great American Management, Hamilton Investment and Institutional Investors.

Unicorp Financial Corp. is a Toronto holding company controlled by George Mann with investments in First Union, GREIT, REIT of America, and San Francisco Real Estate.

Morse Van Horn, who controls Lincoln Mortgage, also has a position in Builders Investment.

BLOCK BUYERS II--REITS WHICH OWN SHARES IN OTHER REALTY TRUSTS OR CORPORATIONS

Eastover Corp. was the first, and

remains the most visible, but now seven other REITs and former REITs have block positions in realty shares, often in combination with a major holder in its own shares. Confused? The following should clear up the puzzle.

Eastover Corp. owns 7.9% of American Realty with Brent Baird and Citizens Growth Investors; Baird owns a portion of Eastover (8.1%) and Eastover owns some Citizens Growth as well (34.1%). Eastover also owns 25.7% of ICM Realty with Citizens Growth, owns 19.4% of First Carolina with Baird, and 28.9% of Parkway Co. on its own.

Citizens Growth, as noted above, owns positions in ICM Realty and American Realty with its manager, Eastover Corp.

First Carolina Investors (19.4% owned by Baird and Eastover) owns a 25.8% interest in API Trust with Brent Baird.

Could Investors Trust owns 11.2% of Plaza Realty, with which it had an aborted merger attempt in 1979.

GREIT Realty owns 19.5% of San Francisco Real Estate with Unicorp Financial, which owns 44.1% of GREIT; they also own San Francisco warrants convertible to an additional 18.3% interest.

Lincoln Mortgage, which was taken over by Morse Van Horn with a 36.1% interest, owns 17.3% of Builders Investment Group with Van Horn.

Moraga Corp. recently purchased City Investing's 21.4% interest in C.I. Mortgage for \$10 million; it has a current market value of \$7.9 million.

Wisconsin REIT, controlled by Clyde Engle, 20.3% owner, owns 17.4% of Indiana Financial with Engle.

Yet with all this, there have only been two total mergers of REITs to date; Summit Properties and Investors Realty merged into IRT Properties, and Sutro Mortgage was merged into PNB Mortgage.

BLOCK BUYERS III--REITS WITH TWO OR MORE MORE BLOCK POSITIONS IN THEIR SHARES

One reason why real estate is a good inflation hedge is that the amount of it is fixed and in high demand. A similar reasoning applied to REITs explains why many of them have more than one major holder; with a limited number of REITs available, there are relatively few trusts left without a major holder already. This tends to bid up the prices of the stocks; the exposure is that one investor may find himself thwarted in his intentions regarding the trust by another major holder. And if someone else assumes a majority position and does not buy him out at a premium, he may be left holding the bag indefinitely. We don't have space to name all the trusts with multiple ownership (they can be culled from the list with little difficulty), but we want to mention certain trusts of special speculative interest because of the ownership.

API Trust, where Baird/First Carolina may seek to assume control, also is 7.9% owned by Shelbourne Associates.

Cameron-Brown Investment Group, a recovery spec, has major owners: Jerrold Fein/Robert Jaffee, 7.0%; and Marshall Coogan and Stephen Swid, 28.1%.

DMG Inc. (formerly Diversified Mortgage) has two major owners, David Murdock, 7.6%; MEI Corp., 7.6%.

Franklin Realty is premier among the multiple ownership trusts; its price more than doubled in a few months at the beginning of the year, as more and more buyers came in on breakup rumors, buying both shares and debentures convertible at \$10 (current price 24-5/8). The debentures were finally called mid-summer. Currently awaiting liquidation are the Franklin Realty Shareholders Association, 24.5% (this group is composed of three earlier independent groups, Benjamin Electrical Engineering, the Plesset family, and the Whitman family); William R. Forman, 5.3%; and Goldman Sachs, 4.9%. Two former major holders saw their interest fall below the 5.0% mark with the conversion of the bulk of the debentures, Collins C. Diboll and Donald C. Carter, who also owns shares in United Realty.

Great American Management has four

major owners, including two major REIT investors: Edwin Morgens and Bruce Waterfall own 14.3% and SZRL Investments owns 14.3%; also, BankAmerica Foundation owns 7.4% and Continental Illinois Corp. owns 4.2%.

Joining the Unicorp Financial major interest in GREIT Realty are TBK Partners/Viridian Investment, 5.4% and DeRance Inc., 5.0%.

Zell and Lurie, 39.7% owners of Institutional Investors on the completion of various transactions, secured their interest by providing backup financing when IIT's bank debt was called. They will be issued warrants convertible to 50% ownership as well. Dilution from the new shares has cut Builtland Partners share to 5.7%.

Henry S. Miller has been the subject of a takeover attempt and a buyout proposal. Look for more action here. Major owners: James Jackson group, 11.4%; Pilot Industries, 6.5%; HSM Inc., 9.8%.

Moraga Corp., formerly a shell with \$20 million cash half of which was used to purchase its C.I. Mortgage shares, has for major owners: Apex Oil (which had purchased all of Moraga's real estate assets for said cash), 12.0%; Peter Cundill & Associates, 12.0%; Starlaw Investments Ltd., 10.0%; and Frank and Joanne Warren, 6.1%.

Nova REIT, which filed for Chapter XI on October 30, 1980, being unable to redeem its maturing debentures, has two major owners. Graphics Club Ltd. owns 6.3% and Allen & Co. owns 10.4%.

Southmark Properties, currently with three major holders, has an agreement to exchange 4 million new shares to Gene Phillips for realty companies, which would make him a 37% owner.

State Mutual, taken over by the Belzberg brothers of Canada earlier this year with a 50.3% interest, also is owned by Peter Cundill & Associates, 5.3%.

TRECO Inc. has three owners: Loyal American Life with shares and debentures, convertible to 26.1%; Westchase Realty, to 26.8%; and Stanford Phelps, to 27.2%.